

SENATE BILL

No. 13

**Introduced by Senator Maldonado
(Coauthor: Senator Harman)**

October 11, 2007

An act to add Section 15438.9 to the Government Code, and to add and repeal Sections 17053.87 and 23687 of the Revenue and Taxation Code, relating to public health.

LEGISLATIVE COUNSEL'S DIGEST

SB 13, as introduced, Maldonado. Public health: health care technology systems: tax credit: loans.

(1) Existing law authorizes the California Health Facilities Financing Authority to, among other things, make secured and unsecured loans to any participating health institution in connection with the financing of a project or working capital in accordance with an agreement between the authority and the participating health institution.

This bill would require the authority to establish a low-interest loan program to provide any participating health institution, health facility, hospital, long-term care facility, or licensed physician and surgeon with financing for the costs of purchasing a health care information technology system, as defined. It would also require the authority, by January 1, 2010, and on an annual basis thereafter, to provide a report on the status and utilization of this loan program to the Assembly Committee on Health and the Senate Committee on Health.

(2) The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would authorize, for taxable years beginning on or after January 1, 2008, and before January 1, 2013, a tax credit in an amount

equal to 15% of the cost that is paid or incurred by a qualified taxpayer, as defined, during the taxable year for the purchase of health care information technology, as defined.

This bill would also require the Franchise Tax Board, by January 1, 2010, and on an annual basis thereafter, to provide a report on the utilization of the tax credit to the chairs and vice chairs of the Assembly Committee on Health, the Assembly Committee on Revenue and Taxation, the Senate Committee on Health, and the Senate Committee on Revenue and Taxation.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 15438.9 is added to the Government
2 Code, to read:

3 15438.9. (a) The authority shall establish a low-interest loan
4 program to provide any participating health institution, health
5 facility, hospital, long-term care facility, or licensed physician and
6 surgeon, whose primary business is health care, with financing for
7 the costs of purchasing a health care information technology
8 systems, as defined in Sections 17053.87 and 23687 of the Revenue
9 and Taxation Code. Subject to the California Constitution, the
10 State General Obligation Bond Law (Chapter 4 (commencing with
11 Section 16720) of Part 3 of Division 4), and this part, moneys from
12 the Health Facilities Financing Fund may be used, upon
13 appropriation by the Legislature, for purposes of this program. In
14 establishing this program, the authority shall consider the federal
15 direct student loan program as a model.

16 (b) A health institution, health care facility, hospital, long-term
17 care facility, or licensed physician and surgeon who receives a
18 loan under this section is ineligible for a tax credit under Sections
19 17053.84 and 23687 of the Revenue and Taxation Code.

20 (c) On or before January 1, 2010, and on an annual basis
21 thereafter, the authority shall provide a report on the status and
22 utilization of the loan program, described in subdivision (a), to the
23 respective chairs and vice chairs of the Assembly Committee on
24 Health and the Senate Committee on Health.

25 SEC. 2. Section 17053.87 is added to the Revenue and Taxation
26 Code, to read:

1 17053.87. (a) For each taxable year beginning on or after
2 January 1, 2008, and before January 1, 2013, there shall be allowed
3 as a credit against the “net tax,” as defined in Section 17039, an
4 amount equal to 15 percent of the cost that is paid or incurred by
5 a qualified taxpayer during the taxable year for the purchase of
6 health care information technology.

7 (b) For purposes of this section:

8 (1) “Health care information technology” means information
9 technology purchased by a qualified taxpayer that will aid in the
10 provision of health care in a health care setting, including, but not
11 limited to, electronic medical records. “Health care information
12 technology” shall not include information technology whose sole
13 use is financial management, maintenance of inventory of basic
14 supplies, or appointment scheduling.

15 (2) “Qualified taxpayer” means a for-profit or nonprofit health
16 institution, health facility, hospital, long-term care facility, or
17 licensed physician and surgeon whose primary business is health
18 care.

19 (c) A qualified taxpayer who is allocated a tax credit under this
20 section is ineligible for a loan under Section 15438.9 of the
21 Government Code.

22 (d) On or before January 1, 2010, and on an annual basis
23 thereafter, the Franchise Tax Board shall provide a report on the
24 utilization of the tax credit described in this section to the chairs
25 and vice chairs of the Assembly Committee on Health, the
26 Assembly Committee on Revenue and Taxation, the Senate
27 Committee on Health, and the Senate Committee on Revenue and
28 Taxation.

29 (e) This section shall remain in effect only until December 1,
30 2013, and as of that date is repealed.

31 SEC. 3. Section 23687 is added to the Revenue and Taxation
32 Code, to read:

33 23687. (a) For each taxable year beginning on or after January
34 1, 2008, and before January 1, 2013, there shall be allowed as a
35 credit against the “tax,” as defined in Section 23036, an amount
36 equal to 15 percent of the cost that is paid or incurred by a qualified
37 taxpayer during the taxable year for the purchase of health care
38 information technology.

39 (b) For purposes of this section:

(1) “Health care information technology” means information technology purchased by a qualified taxpayer that will aid in the provision of health care in a health care setting, including, but not limited to, electronic medical records. “Health care information technology” shall not include information technology whose sole use is financial management, maintenance of inventory of basic supplies, or appointment scheduling.

(2) “Qualified taxpayer” means a for-profit or nonprofit health institution, health facility, hospital, long-term care facility, or licensed physician and surgeon whose primary business is health care.

(c) A qualified taxpayer who is allocated a tax credit under this section is ineligible for a loan under Section 15438.9 of the Government Code.

(d) On or before January 1, 2010, and on an annual basis thereafter, the Franchise Tax Board shall provide a report on the utilization of the tax credit described in this section to the chairs and vice chairs of the Assembly Committee on Health, the Assembly Committee on Revenue and Taxation, the Senate Committee on Health, and the Senate Committee on Revenue and Taxation.

(e) This section shall remain in effect only until December 1, 2013, and as of that date is repealed.

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